

Message Text

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PAGE 01 CARACA 07052 102009Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

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TO SECSTATE WASHDC PRIORITY 9403

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AMCONSUL CURACAO

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E.O. 11652: N/A

TAGS: ENRG, PINT, VE

SUBJECT: CHAMBER OF DEPUTIES PASSES ARTICLE 5 OF OIL NATIONALIZATION
BILL

REF: CARACAS 6832, CARACAS 7033

1. THE CHAMBER OF DEPUTIES APPROVED CONTROVERSIAL ARTICLE 5 OF THE PETROLEUM NATIONALIZATION BILL LATE JULY 9. AFTER MORE THAN A MONTH'S CONSIDERATION OF VARIOUS FORMULAS, THE CHAMBER FINALLY APPROVED WITHOUT CHANGE THE ADMINISTRATION'S VERSION OF ARTICLE 5 PRESENTED TO THE CONGRESS LAST MARCH. THIS VERSION LEAVES THE DOOR OPEN FOR FUTURE PRIVATE AND FOREIGN PARTICIPATION IN THE NATIONALIZED OIL INDUSTRY, SUBJECT TO CONGRESSIONAL APPROVAL IN EACH INSTANCE.

2. DEBATE ON THE CONTROVERSIAL ARTICLE CONTINUED JULY 7 AND 8 AND WAS BROUGHT TO A CONCLUSION JULY 9 BY EACH SPEAKER BEING LIMITED TO FIFTEEN MINUTES BY INTER-PARTY AGREEMENT. JUST PRIOR TO VOTING
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PAGE 02 CARACA 07052 102009Z

COPEI, THE CHIEF OPPOSITION PARTY, ACCUSED THE GOVERNING AD PARTY

OF "HYPNOTIZING" THE COUNTRY WITH TALK OF MIXED ENTERPRISES. IN THE SUBSEQUENT SHOW OF HANDS AD USED ITS MAJORITY IN THE CHAMBER PLUS THE SUPPORT OF THE MINISCULE CRUZADA CIVICA NATIONALISTA (CCN) TO APPROVE THE ARTICLE. ALL OF THE OTHER PARTIES VOICED THEIR OPPOSITION

TO THE MEASURE. THE FINAL TALLY WAS 97 VOTES IN FAVOR AND 92 AGAINST.

THE CHAMBER WILL CONTINUE ITS CONSIDERATION OF THE REMAINING 22 ARTICLES OF THE NATIONALIZATION BILL ON JULY 10.

3. AFTER PRESIDENT PEREZ ANNOUNCED IN HIS INDEPENDENCE DAY SPEECH TO CONGRESS THAT HIS GOVERNMENT WOULD NOT COMPROMISE ON ARTICLE 5 (CARACAS 7033), ANY REMAINING HOPE FOR A CONSENSUS ON THE QUESTION OF FUTURE FOREIGN PARTICIPATION IN THE OIL INDUSTRY COLLAPSED. IN A LAST-DITCH ATTEMPT TO STALL THE GOVERNMENT'S STEAMROLLER TACTICS THE OPPOSITION MEP PARTY CALLED FOR A NATIONAL REFERENDUM ON THE ISSUE, BUT THIS WAS IGNORED BY AD. AT THE SAME TIME THE MEP-LED STATE OF ZULIA LABOR FEDERATION (FETRA-ZULIA), WHICH DRAWS ITS STRENGTH LARGELY FROM THE STATE'S PETROLEUM WORKERS, CAME OUT IN OPPOSITION TO THE ADMINISTRATION VERSION OF ARTICLE 5. THESE EVENTS, HOWEVER, DID NOT ALTER THE COURSE OF EVENTS IN THE CHAMBER OF DEPUTIES.

4. COMMENT. CONSIDERATION OF THE BILL'S REMAINING ARTICLES BY THE CHAMBER OF DEPUTIES IS NOT EXPECTED TO BE SO PROLONGED. THE CHAMBER MUST PROCEED WITH ITS SECOND READING OF THE BILL BEFORE PASSING IT ON TO THE SENATE. SENATORS-FOR-LIFE BETANCOURT AND CALDERA HAVE INDICATED THEY WILL SPEAK DURING THE SENATE DEBATE, AND THE PROSPECT OF THIS EXCHANGE BETWEEN EX-PRESIDENTS REPRESENTING OPPOSING PARTIES--AN EVENT UNPRECEDENTED IN THE ANNALS OF THE VENEZUELAN CONGRESS--HAS GENERATED VERY GREAT INTEREST. HOWEVER, AS AD ALSO COMMANDS A MAJORITY IN THE SENATE, ITS VERSION OF THE BILL SHOULD BE NO DIFFERENT FROM THAT APPROVED IN THE CHAMBER OF DEPUTIES. GIVEN THE LEGISLATIVE PROCESS STILL TO BE EFFECTED, IT MAY BE AUGUST BEFORE PRESIDENT PEREZ SIGNS THE NATIONALIZATION BILL INTO LAW.
SHLAUDEMAM

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